



**MINUTES OF THE
CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

For the meeting held on
August 23, 2011, 1:30 p.m.
980 9th Street, Conference Center, 2nd Floor
Sacramento, California 95814

Chairman Jimenez called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at 1:32 p.m.

1. Call To Order and Roll Call.

The following Board members were in attendance:

Augustin Jimenez represented the Secretary of the Business, Transportation and Housing Agency.
Pedro Reyes represented the Director of the Department of Finance.
Francisco Lujano represented the State Treasurer.
Willie Armstrong represented the Secretary of the State and Consumer Services Agency.
D. Everett Rice, Governor's appointee.

The following I-Bank staff members were in attendance:

Stan Hazelroth, Roma Cristia-Plant, Marilyn Munoz and Tara Dunn.

2. Executive Director's Report.

Executive Director Stan Hazelroth reported to the Board the following:

- ❖ The I-Bank's auditors, Macias Gini and O'Connell LLP, are on site this week to finish their work on the 2010-11 financial audit of the I-Bank's funds.
- ❖ He announced Paula Connors will be retiring at the end of the month and expressed his thanks for Paula's service to the I-Bank.

Consent Items:

3. Approve minutes from the meeting held on July 26, 2011.

Chairman Jimenez called for questions or comments from the Board and the public. Hearing none, he entertained a motion to approve this consent item. Mr. Reyes moved to approve the minutes and Mr. Rice seconded the motion. The minutes were unanimously approved.

Action Items:

- 4. Resolution 11-19 amending and restating the previously adopted Resolution 11-15, which had approved the issuance of tax-exempt industrial development revenue bonds for the benefit of Bay Photo, Inc. and Sammie Rae Abitbol, LLC, in order to add a series of taxable bonds. The amended and restated resolution would authorize the issuance of industrial development revenue bonds in a combined tax-**

exempt and taxable amount not to exceed \$9,825,000 to be used to finance a project located in the City of Scotts Valley.

Ms. Dunn presented a staff report describing the request to authorize the addition of taxable bonds in an amount not to exceed \$1,050,000 to the Board's previous tax-exempt bond authorization approved on July 26, 2011. She noted that on July 26, 2011 the Board approved Resolution 11-15 authorizing the issuance of tax-exempt industrial development revenue bonds in amount not to exceed \$8,775,000 to acquire three parcels of property, renovate three vacant buildings, purchase equipment, and pay for costs of issuance of the bonds. Ms. Dunn reported that following the previous month's approval, the letter of credit provider, Comerica Bank, indicated it now requires additional collateral and as a result the Borrowers are requesting authorization to issue taxable bonds in order to refinance existing debt on additional property so that it may be collateralized. She reported that the financing structure, public benefits and all other terms remain the same as previously approved. Ms. Dunn then introduced Dan Bronfman, Growth Capital Associates, as financial advisor for the bonds.

Chairman Jimenez called for any questions or comments from the Board or the public. Hearing none, he entertained a motion to approve Resolution No. 11-19. Mr. Reyes moved to approve the resolution and Mr. Lujano seconded the motion. The Board unanimously approved the resolution.

- 5. Resolution 11-20 approving the sale, issuance and delivery of taxable and tax-exempt revenue bonds in an amount not to exceed \$365,000,000 to (i) refund all or a portion of the outstanding California Infrastructure and Economic Development Bank Variable Rate Revenue Bonds (The J. Paul Getty Trust), Series 2003A-D (2003 Bonds), or (ii) refund all or a portion of the outstanding California Infrastructure and Economic Development Bank Variable Rate Revenue Bonds (The J. Paul Getty Trust), Series 2004A-B (2004 Bonds), or (iii) refund all or portions of both.**

Ms. Dunn presented a staff report describing the request to issue up to \$365 million of tax-exempt 501(c)(3) bonds and taxable bonds to refund all or portion of its outstanding bonds issued by the I-Bank in 2003 and 2004 (2003 and 2004 Bonds). Ms. Dunn indicated that the Getty Trust is a charitable trust and private operating foundation dedicated to the presentation, enjoyment, study and conservation of the visual arts and humanities. She reported that the I-Bank has issued several series of bonds to finance the construction, equipping and furnishing of the museums and facilities owned by the Getty Trust and to refinance previously issued bonds also used for the development of its facilities. She indicated that the 2003 Bonds were primarily used to finance construction, equipping and furnishing of improvements at the Getty Villa located in Pacific Palisades and that the 2004 Bonds refunded certificates of participation originally issued in 1994 by California Statewide Communities Development Authority and used to finance improvements to Getty facilities. Ms. Dunn indicated that the purpose of the proposed bonds is to provide the Getty Trust the flexibility of refunding all or a portion of the 2003 and 2004 Bonds to restructure its outstanding principal, add a new interest rate mode, mitigate swap exposure risk by terminating certain swap agreements and pay for cost of issuance. She reported that the proposed taxable bonds will be used to pay for swap termination payments associated with the 2004 Bonds. Ms. Dunn indicated that the programs of the Getty Trust continue to

provide educational, scientific, social and cultural resources to the State as well as to national and international communities. Ms. Dunn then introduced Bryan Victor, Orrick Herrington & Sutcliffe, LLP, as bond counsel for the project.

Chairman Jimenez called for any questions or comments from the Board or the public. In response to a question from Chairman Jimenez, Ms. Dunn clarified that the \$84.6 million indicated in the staff report as the estimated gross liability for termination payments related to the unwinding of swaps is the total amount of swap exposure for all of the Getty Trust's outstanding bonds, including its bonds issued by the I-Bank in 2007. She noted that the proposed refunding will only unwind swaps related to the 2004 Bonds due to the maturity of the bonds and that all other swap agreements will remain outstanding. Chairman Jimenez then entertained a motion to approve Resolution No. 11-20. Mr. Reyes moved to approve the resolution and Mr. Armstrong seconded the motion. The Board unanimously approved the resolution.

Discussion Items.

Chairman Jimenez called for any discussion items; there were none.

Other Non-Action Business.

Chairman Jimenez called for any other business; there was none.

Public Comment.

Chairman Jimenez called for any public comment; there was none.

Adjournment.

Chairman Jimenez declared the meeting adjourned at approximately 1:40 p.m.